

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EUR-12 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
ICA-11 NEA-11 DOE-15 SOE-02 AID-05 COME-00 EB-08
FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01
OMB-01 AGRE-00 /135 W
-----035410 122131Z /63

R 122056Z JUN 78
FM AMEMBASSY PORT OF SPAIN
TO SECSTATE WASHDC 2551
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY KINGSTON

C O N F I D E N T I A L SECTION 01 OF 02 PORT OF SPAIN 01790

E. O. 11652: GDS
TAGS: EFIN, TD
SUBJECT: CARIBBEAN DEVELOPMENT
REFERENCE: BRIDGETOWN'S 1498

1. IN A MEETING WITH FM DONALDSON FRIDAY MORNING, I INFORMED HIM OF SECRETARY VANCE'S LETTER AND REQUESTED APPOINTMENT WITH PM. DONALDSON SAID HE WOULD TRANSMIT THE REQUEST AND GET BACK TO ME WHEN HE HAD AN ANSWER. IN ORDER TO NOT DELAY CONVEYING INFORMATION ON EX-IM LDAN, I PASSED COPY OF SECRETARY'S LETTER TO DONALDSON.

2. I TOOK OCCASION TO RAISE QUESTION OF GOTT PARTICIPATION IN IBRD MEETING THIS MONTH. DONALDSON SAID THAT THE MATTER HAD BEEN DISCUSSED BY WILLIAMS, MINISTER DE SOUZA, PERM SEC BARSOTTI, AND OTHERS, AND HE WAS UNCERTAIN WHAT THE TRINIDADIAN PRESENCE WOULD BE. AT THE DECEMBER MEETING, THERE WAS FEELING BY GOTT REP THAT HE WAS IN WHAT DONALDSON TERMED "SEIGE ENVIRONMENT," WITH OTHER COUNTRY REPS MAKING COMMENTS DESIGNED TO FORCE STATEMENT OF GOTT POSITION.
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TION ON THE CARIBBEAN DEVELOPMENT. (SINCE MY MEETING WITH DONALDSON, A NEWS REPORT ON T&T RADIO REPORTED THAT GOTT WILL PARTICIPATE IN IBRD MEETING. THIS INFORMATION, HOWEVER, HAS NOT APPEARED IN ANY OF THE LOCAL PAPERS.)

3. IN A RATHER EXPANSIVE MOOD, DONALDSON WENT ON TO OFFER HIS VIEWS ON A NUMBER OF ISSUES RELATED TO CARIBBEAN INTE-

GRATION. MANY ARE OLD HAT BUT WORTH REPEATING AGAIN:

- A. IT IS THE GOTT FEELING THAT THE CARIBBEAN DEVELOPMENT EFFORT IS NOW OUT OF THE HANDS OF CARIBBEAN COUNTRIES. IN PART, THIS IS BECAUSE THE DONOR COUNTRIES WILL DECIDE TO WHICH RECIPIENTS THEIR SUPPORT WILL GO, RATHER THAN CHANNELING THEIR FUNDS FOR GENERAL DEVELOPMENT. WHEN I MADE THE DISTINCTION BETWEEN COUNTRY GROUPS AND THE CARIBBEAN DEVELOPMENT FACILITY, HE PROFESSED HIS UNDERSTANDING OF THE VARIOUS ELEMENTS OF THE PROJECT. BUT HE WENT ON TO SAY THAT A RECENT DISCUSSION WITH BARBADOS OFFICIALS HAD REVEALED THAT FORTY PER CENT OF FUNDS AVAILABLE FOR CARIBBEAN DEVELOPMENT FACILITY WOULD GO TO JAMAICA. THIS, IN TRINIDAD JUDGMENT, WOULD COMPOUND THE JAMIACAN PROBLEM. (COMMENT: THIS APPARENTLY RESULTS FROM THE DECISION TO CONSIDER CONTRIBUTIONS TOWARD THE JAMIACA FUND AS PART OF THE CONTRIBUTION TO THE CDF.)

- B. WHEN I POINTED OUT THAT HAD THE GOTT JOINED IN THE CARIBBEAN DEVELOPMENT DISCUSSIONS AT THE OUTSET, IT COULD HAVE BEEN AN INFLUENTIAL VOICE IN SUGGESTING THE COURSE TO FOLLOW. HE DID NOT DISAGREE, BUT SAID, "YOU KNOW THE BACKGROUND OF THAT."

- C. ADMITTING THAT THE GOTT AID PROJECT AND CARIBBEAN DEVELOPMENT EFFORT WERE NOT DISSIMILAR, DONALDSON SAID THAT CONFIDENTIAL

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HIS GOVERNMENT COULD PURSUE MORE EFFECTIVELY THE COURSE OF CARIBBEAN INTEGRATION BY IMPLEMENTING ITS OWN PLANS. FOR EXAMPLE, DURING THE RECENT CRISIS IN GUYANA, THERE WAS DISCUSSION BETWEEN THE TWO GOVERNMENTS ON ASSISTANCE TO GOG. WITHOUT FANFARE OR DELAY, TRINIDAD PROVIDED ASSISTANCE (PROBABLY IN FORM OF SUPPLIES AND FOODSTUFFS). IN THE CASE OF ANOTHER COUNTRY (NOT IDENTIFIED, BUT POSSIBLY ST. VINCENT), GOTT IS EXTENDING FINANCIAL ASSISTANCE (WE UNDERSTAND TO PURCHASE A SUGAR MILL) AS PREPAYMENT FOR GOODS OR PRODUCTS.

- D. HE EXPRESSED SURPRISE AND SOME CONCERN THAT THE ISRAELIS WERE PRESENT AT DONORS MEETING IN PARIS. HE WONDERED WHAT THE IMPLICATIONS WERE IN ENCOURAGING ISRAELI INTEREST IN THE CARIBBEAN PARTICULARLY IF NOT COUNTERBALANCED BY SOME ARAB INVOLVEMENT. (NOTE: TRINIDAD AND TOBAGO IS NOT A MEMBER OF OPEC, BUT STILL HAS AMBITIONS TO JOIN IF ARAB COUNTRIES COULD AGREE TO IT.)

- E. HE MADE CLEAR THAT TRINIDAD SEES JAMAICA AS THE MAJOR OBSTACLE IN THE PUSH FOR CARIBBEAN INTEGRATION. REACHING INTO THE PAST, HE DESCRIBED HOW THE JAMAICAN GOV-

ERNMENT HAD REPEATEDLY THWARTED TRINIDADIAN ATTEMPTS TO IMPROVE THE AREA'S ECONOMY BY BACKING OFF FROM THE JOINT SMELTER PROJECT, A MOVE THAT WOULD HAVE GENERATED SUBSTANTIAL EARNINGS FOR THE GOJ. HE SPOKE CRITICALLY ALSO OF JAMAICAN SUPPORT OF THE UNPROFITABLE INTER-ISLAND AIRLINES, LIAT, RATHER THAN ACCEPTING BWIA AS CARRIER DESIGNATED TO FLY REGIONAL SERVICES.

4. PICKING UP ON THE JAMICAN THEME, I ASKED ABOUT POSSIBLE GOTT PARTICIPATION IN THE EFFORT TO OBTAIN ADDITIONAL BOP SUPPORT AS PART OF THE IMF AGREEMENT. IT WAS HIGHLY UNLIKELY, DONALDSON VENTURED, THAT TRINIDAD WOULD BE INVOLVED

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C O N F I D E N T I A L SECTION 02 OF 02 PORT OF SPAIN 01790

IN ANY WAY. AFTER COMMENTING ON THE CURIOUS ROLE OF THE BRITISH GOVERNMENT IN TAKING A LEAD POSITION, HE SAID THAT THE TRINIDAD RELATIONSHIP WITH JAMAICA ON BALANCE OF PAYMENTS ASSISTANCE WAS GOVERNED BY AN AGREEMENT SIGNED BETWEEN THE TWO COUNTRIES IN JULY 1976. (THIS WAS APPARENT REFERENCE TO 77 MILLION DOLLAR LOAN MADE AT THAT TIME.)

5. DONALDSON STRESSED THAT TRINIDAD WOULD NO LONGER ALLOW ITS DESIRE FOR CARIBBEAN INTEGRATION TO "CLOUD ITS POLITICAL JUDGMENT." HE WENT ON TO SAY THAT ALMOST EIGHTY PER CENT OF THE PEOPLE IN LEADERSHIP POSITIONS IN TRINIDAD TODAY HAD GROWN UP DURING THE PERIOD OF DISINTEGRATION OF THE FEDERATION, AND THEIR ATTITUDES ON REGIONALISM ARE VERY MUCH INFLUENCED BY THAT HISTORICAL FACT.

6. COMMENT: IN THIS RAMBLING COMMENTARY, SEVERAL POINTS ARE WORTH NOTING. THE GOTT HAS SEEMINGLY DECIDED TO PURSUE A MODIFIED APPROACH TO CARIBBEAN INTEGRATION THROUGH BILATERAL ASSISTANCE. NOT ONLY DOES THE STRUCTURE OF ITS AID PROJECTS SUGGEST THIS, BUT THE RECENT DISCUSSIONS WITH BARBADOS (PORT OF SPAIN 1529) ARE AN EVEN CLEARER SIGN. CONFIDENTIAL

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THE WILLIAMS STRATEGY OF WORKING WITH "RESPONSIBLE" GOVERNMENTS IN THE AREA IS DESIGNED TO SEND A MESSAGE THAT THE GOTT WILL TURN A DEAF EAR TO THOSE WHO FAIL TO MEET WILLIAMS' NOTIONS OF FISCAL RESTRAINT. IN THIS SAME VEIN, GOTT CONTINUES TO SEE THE IMF AS THE BEST MEDICINE FOR THE REGION.

7. AS AMBASSADOR ORTIZ NOTED IN HIS CABLE ON REGIONALISM IN THE CARIBBEAN, WE HAVE CHOSEN A LONG HARD ROAD, ESPECIALLY SO, GIVEN THE CURRENT ARRAY OF POLITICAL LEADERSHIP AND RIVALRIES. MY JUDGMENT IS THAT THE GOTT WILL CONTINUE TO SIT ON THE SIDELINES EXTENDING AD HOC OFFERS OF ASSISTANCE WHERE AND WHEN ERIC WILLIAMS FEELS SUCH ARE USEFUL TO GOTT POLITICAL INTERESTS IN THE AREA. FOX

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